

# Conflicts of Interest

- A conflict between the public obligations and the private interests of a public official
- Includes both actual and potential conflicts of interest



- The intent is to engender public confidence in the operation of government.
- A government employee or official cannot serve two masters at the same time.
- The public interest should not be entrusted to an official with interests in conflict with the public interest.

*T & K Roofing Co. v. Iowa Dep't of Educ.*, 593 N.W.2d 159 (Iowa 1999)



# Prohibited Conflicts of Interest

- Receiving outside compensation using your public employment or public resources always creates an unavoidable conflict.
  - If that type of conflict exists: Stop it immediately!
- Employment in an area under the regulatory control of the public employment position *may* be allowed to continue if the conflict can be avoided. This requires:
  - Public disclosure of the existence of the conflict and
  - Refraining from taking any official actions or performing any official duty that would affect the outside employment or activity, including:
    - Participating in a vote or influencing a vote,
    - Granting a license or permit,
    - Determining the facts or law in a contested case or rulemaking proceeding,
    - Conducting any inspection, and
    - other official service or thing



# State Regulatory Agencies

- An official or employee of a regulatory agency may not sell or lease any goods or services to anyone subject to the regulatory authority of the agency.
- However, an employee may make such a sale if the employee obtains consent from the agency.
- The employee must request consent in writing, explaining how this sale will not create a conflict.
- Example: Farmers who also work for the Department of Agriculture
  - Part-time farmer/part-time employee of the Department of Agriculture wants to sell grain to a company regulated by the Department.
  - If there is no conflict, the agency can consent to this
  - Key: Disclosure and public elimination of appearance of conflict.
- Iowa Code § 68B.4; Iowa Admin. Code r. 351–6.11



<https://ethics.iowa.gov/reports/ethics-reports/regulatory-agency-consents-salesleases>

# Foreign Agents

- State employees shall not engage in any outside employment or activity that requires the person to register under the federal Foreign Agents Registration Act of 1938. Iowa Code § 68B.2C.
- Creates appearance of conflict of interest
- Tip: Do not accept outside employment offers from this man.



# Services Against the State

- No state employee may receive compensation to render services against the interest of the state. Iowa Code § 68B.6; Iowa Admin Code r. 351—6.14.
- Principle: If you are receiving compensation for outside activity, it should not be:
  - Profiting from your governmental position; or
  - Working against the interests of the government.



# Public Bidding

- State employees may not make sales to the state except after public notice and competitive bidding. Iowa Code § 68B.3.
- All public employees may face the appearance of impropriety if they make money from a sale to their employer without public notice and competitive bidding



# City Contracts

- Iowa Code § 362.5 prohibits city officers from having a direct or indirect interest in a city contract.
  - Basic rule: A city official cannot do business with the city.
- Some exceptions:
  - Contracts entered into through an open competitive bid process
  - Contracts for less than \$6,000 in a fiscal year

